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INFORMATION REPORT

COUNTRY Korea

SUBJECT Counterfeit Currency in North Korea

25X1A

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1. Since the middle of June 1949, counterfeit paper notes have been circulated in North Korea, near the 38th Parallel. A payment of 400,000 won to the North Korean Consumers' Cooperative Society from its Hwachon County branch contained over 3,000 new won notes. Since the collection of so many new notes from farmers was unusual, the selling office sent the currency to the Central Bank for examination. It was decided at the bank that the new notes were counterfeit.*
2. A large sum of counterfeit currency (amount unstated) was also found among the remittances to the Ministry of Communications in Pyongyang for local freight charges from the Wonsan railway station. At Pyongyang railway station, officials of the Political Defense Unit confiscated an unknown number of counterfeit notes held by a peddler from the border area in Hwanghae Province.*
3. Because of the latter incident, the Political Defense Unit issued official orders to all financial groups, political parties, and other organizations to try to stop the circulation of counterfeit money, and the North Korean authorities ordered the confiscation of all counterfeit notes. The orders proved difficult to execute, however, because of the large number of the notes in circulation, and because of the reluctance of the people to surrender this currency.

25X1X [REDACTED] Comment. Because the counterfeits were first found in the border areas of Kangwon and Hwanghas Provinces, it is believed that the notes were introduced from South Korea. This theory has not been confirmed.

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